

# The Demise of Sturmey-Archer

May 5, 2001

Last year, Derby Cycle, then the owners of the Sturmey-Archer company, sold the Sturmey-Archer factory on Triumph Road in Nottingham to the University of Nottingham (who wanted the land for expansion) and the business to Lenark who promised to build a new factory for the firm in Calverton. At the time, Derby Cycle knew full well that Lenark did not have the resources to move Sturmey-Archer into the promised new factory. The reason for selling the business, then, was to have Lenark declare it insolvent so that neither Derby nor Lenark would have to pay the redundancies (British for “severance packages”) to the 300 employees. Lenark’s angle was the £200,000 in “management fees” that it extracted from Sturmey-Archer before declaring it insolvent. Derby’s angle was that it was able to sell the factory and close the business without paying the expensive redundancies. Before the whole debacle Sturmey-Archer was making a profit and had orders on the books.

But don’t take my word for it, read on. What follows is a collection of articles quoted from

<http://www.thisisnottingham.co.uk/>

(search the news archives for “Sturmey Archer”). There is also some very good coverage at

[http://www.bikebiz.co.uk/infozone/sturmey\\_list.php3/](http://www.bikebiz.co.uk/infozone/sturmey_list.php3/)

## 1 Shock as 300 gear jobs go

September 16, 2000. Workers at one of Nottingham’s best known manufacturing firms today told of their shock over the sudden loss of their jobs.

Staff at bicycle gear manufacturers Sturmey Archer say they were given just ten minutes’ notice that the firm was closing.

The company used to be part of the Raleigh group and has been based in Triumph Road, Radford, for the last 98 years.

But yesterday all 300 staff were called in to a meeting and told they were being laid off - with immediate effect.

One employee, who did not want to be named, said: “I have worked here for 42 years and couldn’t believe it when we were called into this meeting and told our jobs had gone.

“The firm says it could no longer afford to pay our wages and asked us all to leave the premises immediately. The whole workforce is devastated. It’s terrible.”

Another staff member said: “I have worked here for 11 years and will not get any redundancy money from the firm.

“One minute we were in a job and the next minute we were out of the door.”

Company managing director Colin Bateman said he had no choice but to make the announcement after the firm was declared insolvent.

He blamed the new owners Lenark for going back on its promise to relocate the company to new sites in Basford and Calverton.

“We are still trying to find a buyer for the firm and a skeleton staff will be working on Monday on a voluntary basis to complete the final orders,” he said.

“But this is a sad day for bicycle manufacturing in Nottingham, not to mention for all the staff that work here. We all feel very let down. It is a devastating blow.”

Raleigh still employs 600 people at its factory in Triumph Road, although it has also announced plans to move to a new site in Notts.

Both Raleigh and Sturmey Archer were asked to relocate from Triumph Road earlier this year after the land was bought by the University of Nottingham.

Sturmey Archer’s new owners Lenark were unavailable for comment.

The company owed its birth to Raleigh founder Frank Bowden’s enthusiasm for the application of gears to bicycles.

According to *The Sturmey Archer Story* by Tony Hadland, the three-speed gear was developed by William Reilly in Manchester, but was patented in the name of a colleague J S Archer.

Eleven days later Henry Sturmey patented another identical gear, but with a different gear change, after seeing Reilly’s patent drawings and claimed the idea as his own.

Frank Bowden set up the Three Speed Gear Syndicate to exploit the potential of the gear with himself, Sturmey, Archer and Reilly as directors.

Reilly was eventually pushed out of the company which changed its name to Sturmey Archer.

## **2 Buyers move for gears firm**

September 20, 2000. Potential buyers are picking over the remains of Nottingham gears group Sturmey Archer which went into liquidation last week.

More than 300 jobs were axed on Friday with only ten minutes’ notice when liquidators were appointed.

The company, which makes gears, engineering components plus spokes and nipples, was bought by London-based Lenark in June for a nominal sum.

It was purchased on the basis it would fund the move to new premises. Sturmey Archer planned to move from Triumph Road in Lenton to a new base in Calverton.

The move was under way when the liquidators, Smith Williamson, were called in.

A creditors' meeting is scheduled in a fortnight. Managing director Colin Bateman, who was shocked by events, led the company's sale away from parent group, American-owned Derby, which owns Raleigh, to Lenark.

"There are a number of interested parties for various parts of the business," he said today.

It includes the Brooks saddle division. Mr Bateman said he was approaching previous interested buyers. "We are contacting all the creditors and debtors," he said. "If we can get offers on the table before the creditors' meeting, then it will smooth things - it will be an uphill struggle."

Lenark paid a nominal sum for Sturmeay Archer, acquiring the debt and goodwill but not the Triumph Road site which is being sold by Derby to the University of Nottingham for an extension to the Jubilee campus.

Jim Simms, regional officer of the MSF union, is due to meet the liquidators today with other unions.

"About 340 jobs have gone and the unions are co-operating with the liquidator," he said. "I still think there is something there to save jobs." About 25 staff, mainly management, turned up for work yesterday offering their services for free.

Nottingham City Council leader Graham Chapman said the authority had been working with Lenark to find alternative sites.

"We knew 160 staff were likely to go but 300 was totally unexpected," he said.

"We worked with the Employment Service and Benefit Office for those likely to be made redundant.

"We have been taken aback. If there are still people interested in trying to salvage something from this debris, we shall be only too happy to help."

### **3 Sturmeay-Archer sold for under £50**

September 23, 2000. Axed workers at Sturmeay Archer today found out the first details of the fateful takeover deal.

The world famous Nottingham gears firm was sold for less than £50 to Lenark in June.

But the necessary investment failed to materialise and Lenark closed the Triumph Road factory last week.

Three hundred workers were given just ten minutes' notice with no redundancy package. The Government now faces a bill of up to £2.2m for redundancy and notice pay.

The company's future is in the hands of creditors who will decide whether to put it into liquidation at a meeting in Birmingham on October 2.

Lenark was formed in May, 1998, and is registered at 33A High Street, Heathfield, East Sussex.

Tony Murphy, of insolvency practitioners Smith & Williamson advising Sturmeay Archer, said he believed Lenark had not invested any money.

The current site has been sold to the University of Nottingham and Sturmeay Archer must leave by mid-December.

Mr Murphy said a number of redundancies had already been planned as a result of a proposed move to Calverton.

The cost of moving the business was estimated at £3m including buying the new site.

Mr Murphy confirmed in the eleven weeks Lenark had owned Sturmeay Archer, it had charged the engineering group £120,000 in management fees.

A further £52,000 was transferred from Sturmeay Archer's account to support a sister company in the Lenark Group, he said.

A statement by Gary Matthews, chief executive of former owners Derby Cycle Corporation, said: "In carrying out due diligence on the capability of Lenark to make a success of Sturmeay Archer, evidence was produced showing that they appeared to have more than sufficient resources to undertake the plans the management of Sturmeay Archer had initiated to make a success of the business.

"We were just as surprised and concerned as anyone that it now appears that Lenark is unable to fund Sturmeay Archer, and this has forced it to enter into insolvency proceedings: we are both a customer and creditor and will suffer from their insolvency along with others in the same position.

"We are very distressed that so many Sturmeay Archer employees who served loyally for so many years under our ownership of the business will lose their jobs."

No one for Lenark was available for comment.

## **4 10 minutes to leave Sturmeay-Archer site**

September 23, 2000. Last week some 300 staff at bicycle gear manufacturers Sturmeay Archer were told they no longer had jobs - and were given ten minutes' notice to leave the building.

The closure of the firm has brought nearly a century of Nottingham's history to an abrupt and bitter end.

Foot steps echo loudly on the concrete factory floor at Sturmeay Archer. The din from the factory is usually enough to make coffee cups tremble in nearby offices and people have to shout to be heard over the bang and clatter of machinery.

Now the cavernous building is virtually deserted, silent after 98 years. Tens of thousands of pounds worth of state-of-the-art equipment lies idle, stained aprons hang on their hooks.

A forklift truck has been abandoned halfway across a loading bay and boxes filled with gleaming silver bicycle spokes and springs are left untouched - now just so much scrap metal.

Only days ago, the Triumph Road manufacturing plant in Radford was alive.

The shock among the handful of people who remain in the ghostly surroundings is palpable.

They work quietly to complete their final tasks - customers still have outstanding orders which must be met.

But their colleagues are absent and the mood is grim. The executioner's axe fell with devastating speed for the employees at Sturmeys Archer - many of whom had spent decades with the firm.

Last Friday afternoon, the entire workforce was called to an urgent meeting among the assembly lines.

Managers broke the news they themselves had heard only half-an-hour earlier: the company was insolvent... all jobs would be lost.

The closure was immediate - workers were given ten minutes to clear out.

One employee, who did not wish to be named, remembers the reaction. "Disbelief, horror, anger, hatred... I would imagine they went through every negative emotion you can have in just a few moments."

There were shouts and open displays of grief as staff realised they would be left without a job or redundancy money.

Machines were smashed as some furious workers momentarily lost control. A set of keys to one of the trucks was thrown down a drain.

The suddenness of the announcement contrasted sharply with the optimism and commotion which had preceded it, as those same workers prepared to shift production to new sites in Basford and Calverton.

The relocation was to have been part of a rescue package by new owners Lenark.

It bought Sturmeys Archer from Derby Cycle Corporation, which also owns Raleigh, for a nominal fee of less than £50, debts and all.

Derby Cycle Corporation had previously sold the land in Triumph Road to the University of Nottingham, making a move inevitable.

But the vision for the future never materialised and there is a strong sense of betrayal that the responsibility for so many livelihoods changed hands for so little.

Alan Ettles, 49, is one of the managers who is still coming in to help finish up. He has 13 years of loyal service behind him.

Like many, he says the attitude to the upheaval in recent weeks had been defiantly positive.

Rates of production had gone up by 20 and 30% as the workers galvanised themselves for change.

Alan said: "Times were tight but we were fighting our way out.

"Everyone has been working very, very hard to improve manufacturing performance on the 'carrot' of a future for Sturmeys Archer... to see that blown away now is doubly frustrating."

At the back of the stairwell near the reception, there is a bare flagpole where the Sturmeys Archer logo once hung alongside the Union Jack. Alan explains: "I moved it and took it to Calverton, I thought it would be a nice gesture.

"Seems sad now, doesn't it? Almost pathetic." He shakes his head. Alan has grown-up daughters to support through college, but will have no source of

income when he walks through the factory gates for the last time.

On the day the firm folded, Roger Airey, director of operations, marked an anniversary of 31 years with Sturmeay Archer.

He admits: "I have no idea what I'm doing after this. At the moment I'm just working long hours to see what we can salvage, to keep customers. I'm tired.

"It's a surreal situation. People keep saying, this isn't like the real world. You just hear about things like this happening."

The sense of loss is everywhere. One man working alone at a lathe says his workmates were like family to him and he wants to get finished and go as soon as possible.

Others wandering around the empty factory don't know where else to go.

The lucky ones will find a wage in another part of the industry, but many are middle-aged and frightened by the prospect of hunting for work.

Fazal Khan, 51, who has four children, has worked as a toolsetter for the last 13 years.

"300 lives have been ruined here. We have given blood and sweat and yet we are being treated like this.

"No one has apologised. No one wants to listen to us." Another employee, who says it feels like the end of an era, said: "It's not just sad for Sturmeay Archer, or for Nottingham, it's sad for the bicycle industry as a whole.

"We were truly UK-based. We don't buy foreign parts and stick them together. We made things here."

## 5 Takeover probe at city firm

September 26, 2000. Trade Secretary Stephen Byers is to probe the fateful takeover of Sturmeay Archer.

Mr Byers pledged to take a "personal interest" in looking at the downfall of the world-famous gears firm.

Derby Cycle Corporation sold the firm to Lenark for less than £50. But investment failed to materialise and Lenark closed the factory in Triumph Road, Radford, with just ten minutes' notice.

Nottingham MPs Alan Simpson and Graham Allen raised concerns about the plight of the firm's 300 axed workers with the cabinet minister. Mr Simpson also raised concerns about Lenark's financial position.

Experian gives it a poor credit rating and describes it as "weak". Speaking exclusively to the Evening Post, Mr Byers said: "It is only right that I should investigate to see what the situation is. I will see what, if anything, we can do."

Alan Simpson, who wants a full DTI inquiry, said: "This is a very helpful start because I want to know how Lenark, a company with a poor rating, was able to pass the due diligence test to buy Sturmeay Archer."

Sturmeay Archer's fate was sealed when Lenark was asked for the first instalment of £75,000 towards the cost of moving to a new site in Calverton.

The current site was sold to the University of Nottingham and Sturme y Archer had to leave by mid-December.

But the cash was not forthcoming and insolvency practitioners were called in.

The Government now faces a bill of up to £2.2m for redundancy and notice pay.

The company's future is in the hands of creditors who will decide whether to put it into liquidation at a meeting in Birmingham on October 2.

Mr Simpson wants to know what financial details about Lenark were available when the deal was completed.

Lenark was formed in May, 1998, and is registered at 33A High Street, Heathfield, in East Sussex.

In the 11 weeks Lenark has owned Sturme y Archer, it has charged the engineering group £120,000 in management fees.

A further £52,000 was transferred from Sturme y Archer's account to support a sister company in the Lenark group.

Derby Cycle Corporation corporate controller Simon Goddard said: "We would welcome any DTI inquiry."

Chief executive officer Gary Matthews said it carried out "due diligence" on the capability of Lenark to make a success of Sturme y Archer.

He said evidence was produced showing it appeared to have more than sufficient resources to make a success of the business. Lenark was unavailable for comment.

## **6 Sturme y-Archer founder's grandson speaks out**

September 27, 2000. World-famous Nottingham gears manufacturer Sturme y Archer stands on the brink of liquidation.

Our reporter spoke to one man who has every reason to be heartbroken about the company's spectacular demise.

Ronald Archer was always proud of the nickname he had at school. Children often plump for the obvious when giving their classmates a new title - and there was nothing more so than "Sturme y".

After all, everyone knew about Sturme y Archer, the Nottingham-based gear manufacturer which sold its products all over the world and employed hundreds of men.

But for Ronald the nickname had a very special meaning. His grandfather was James Archer, one half of the duo who gave the firm its name.

Now that historic name may be lost forever. Ronald, 75, said: "What has happened to Sturme y Archer over the past few weeks is nothing short of a tragedy.

"My grandfather was proud of what had been achieved and would be terribly upset.

"He respected the working man and the incredible skills which they have.

“To see the 300 men who worked there treated like this would have upset him a great deal.”

Ronald, of Chalfont Drive, Aspley, would never boast of his famous ancestry.

However, when jokingly asked if he was related to one of the men who created a legend, he would answer truthfully.

The response from the questioner would be immediate. They wanted to know everything.

But two weeks ago the new owners of Sturmeay, a firm called Lenark, closed the Triumph Road factory.

The 300 workers were gathered on the factory floor and told the axe would fall in just ten minutes’ time.

Lenark bought the firm from Derby Cycle Corporation for less than £50, but it needed substantial investment and a new home after its site was sold to the University of Nottingham.

The company’s future is in the hands of creditors who will decide whether to put it into liquidation at a meeting in Birmingham on October 2.

Ronald continued: “It would be an absolute tragedy if the name was to die. So many people knew about Sturmeay that it was even used by the other children as a nickname for me and my son, Stephen, when he was at school.

“That shows in as good a way as any how ingrained it was in the minds of people from Nottingham.

“It is shocking it could all come to an end so quickly.” Ronald was an engineer, but Stephen, 35, spent many years working for Sturmeay, although he left prior to the bombshell announcement of its closure.

Ronald added: “Stephen was totally knocked back by it. He had a great time working there and there was a wonderful camaraderie. It was a very happy place to work and it’s very sad that has been lost...”

The story of how the Sturmeay Archer legend was born is well documented.

According to *The Sturmeay Archer Story* by Tony Hadland, the three-speed gear was developed by William Reilly in Manchester, but was patented in the name of James Archer.

Eleven days later Henry Sturmeay patented another identical gear, but with a different gear change, after seeing Reilly’s patent drawings and claimed the idea as his own.

Frank Bowden set up the Three-Speed Gear Syndicate to exploit the potential of the gear with himself, Sturmeay, Archer and Reilly as directors.

Reilly was eventually pushed out of the company which changed its name to Sturmeay Archer.

Yesterday Trade Secretary Stephen Byers announced he would investigate how the company was brought to its knees, and see if the Government could do anything to help after Nottingham South MP Alan Simpson raised concerns about Lenark.

Ronald, along with 300 desperate workers, hopes the Mr Byers comes up with some answers...quickly.

## 7 Five days to save Sturme y

October 2, 2000. Education and Employment Secretary David Blunkett today stepped into the fight to save Sturme y Archer.

Mr Blunkett has offered to provide practical and financial help to the famous Nottingham gears firm.

But bosses said time was running out to save the company from complete collapse.

It was almost certain to be placed into liquidation at a creditors' meeting in Birmingham today. Managing director Colin Bateman said there were five working days to find a buyer to take on the firm as a going concern.

Mr Bateman said it would have no chance if it was not back in production next Monday.

It is already losing workers and vital orders. By the close of business last Friday three businesses had shown a firm interest in buying the gears part of the firm. It would save about 110 of the 300 jobs axed two weeks ago.

But no bids were expected until AFTER the firm is placed in liquidation. At that point a buyer would not be responsible for any of Sturme y Archer's liabilities.

Mr Blunkett's intervention came after he was contacted by Nottingham South MP Alan Simpson.

Mr Simpson emphasised the need to give any buyer time to move the business from its Triumph Road factory.

The site has been sold to the University of Nottingham for the £20m National College for School Leadership.

Sturme y has until mid-December to move - this would not be long enough to prepare a new factory and transfer equipment.

Mr Blunkett agreed to give extra time on the site and also said he would meet any financial penalties incurred by the university.

The university could be left with a bill from contractors if it is asked to delay the start date for building or demolition work.

Any buyer of Sturme y Archer would have to agree to pay the £1.4m costs of moving to a planned new factory in Calverton. Mr Simpson said: "I have held intensive discussions with the Secretary of State.

"He understands my anger at the way 300 workers have been treated and that a firm which was a going concern has been closed.

"He said that if a rescue bid is made which would keep the company in production, and save a large number of jobs, he would back that.

"He would do this even to the point of seeing if plans for the new National College could be altered to allow production to continue on the existing site for a temporary period."

Mr Simpson also held talks with the East Midlands Development Agency.

EMDA is considering plans to buy the new site for Sturme y Archer and rent it back to the firm, saving any buyer a heavy outlay in the short-term. Mr Simpson added: "The Government and public bodies have done all they can.

“Now all we can hope is a buyer can be found who wants to take on this famous company and its workers.”

Mr Bateman said: “The offers of help are very nice, but what we don’t have is time. If we are not back in production in seven days’ time, that will be as far as it goes.”

Derby Cycle Company sold Sturmeay Archer to Lenark 12 weeks ago for less than £50.

Its fate was sealed when Lenark was asked for the first instalment of £75,000 towards the cost of moving to the new site.

The cash was not forthcoming and an insolvency practitioner, Smith and Williamson, was called in.

EMDA, which helps to find sites in the region for new or relocating businesses, became involved after the insolvency practitioner was called in. It had originally been believed Lenark would be able to pick up the bill for buying and fitting out the new factory.

Trade Secretary Stephen Byers has promised to investigate the circumstances of the closure.

Tony Murphy, of Smith and Williamson, said creditors were almost certain to place Sturmeay into liquidation today. The liquidator will then decide its future.

## 8 Stormey-Archer as staff air their anger

October 3, 2000. The future of bicycle gear company Sturmeay Archer took a new turn at a meeting in Birmingham yesterday.

“We’re not going until the bank account is frozen.” The voice of the employee of Sturmeay Archer rose above the cacophony at the creditor’s meeting.

He was angry.

After all, he had been among the 300 employees of the stricken bicycle gears firm who were given just ten minutes’ notice of dismissal.

Swept aside with not even a penny in redundancy pay from the company, they returned to the fray yesterday - frustrated and determined to protect what remains of the company’s assets.

If they have their way, it will go into liquidation. That way, they and other creditors will get some money sooner ... and there is all the more likely to be an inquiry into the demise of the firm which was sold to Lenark by Raleigh owners Derby Cycle Company in June for just £30.

But there was a shock in store when creditors arrived in Birmingham for the meeting which was expected to vote Sturmeay Archer into liquidation.

In the foyer of Smith and Williamson, lawyers, accountants and their clients were discussing the rumour of the hour ...

That control of Sturmeay Archer had changed and that the new directors wanted to avoid liquidation and apply instead for an administration order.

Insolvency practitioner Tony Murphy confirmed the story at the start of an ill-tempered meeting, which was redefined as an informal meeting of creditors

rather than a formal creditors' meeting.

During the next hour and a half, delegates ...

Ripped into Lenark director Barry Robinson, who arrived ten minutes into the meeting to be introduced as one of the two new directors of Sturmev Archer

Successfully demanded that the stricken company's bank account be frozen

Forced Lenark to reconsider liquidation as an alternative to the administration order being sought in the High Court on Friday.

At the heart of the meeting was the dispute over whether anything can be salvaged from the 98-year-old firm which was scheduled to relocate to Calverton later this year - the firm's Triumph Road site has been sold to the University of Nottingham.

Mr Robinson argued that the administration option offered the possibility of disposing of Sturmev Archer as a going concern ... "the right thing to do," he told the meeting of about 50 people.

The dapper, courteous Mr Murphy disputed whether that could be achieved without a substantial injection of cash - and then more muscular performers, led by Steve Jones of BDO Stoy Hayward, repeatedly asked why administration had not been an option three weeks ago, when 300 people still had jobs.

"An administrator is like a company doctor," Mr Jones boomed. "You try to get him in straight away!"

Mr Robinson pleaded that he had not had access to the books In an impassioned speech, departing Sturmev Archer manager Alan Ettles asked Mr Robinson: "What has changed to make you believe it is worth investing in?"

"Have you come for a bit more of the cake? The crumbs that are left? What are you after?"

Mr Robinson replied: "We are trying to save Sturmev Archer." After a mobile phone interrupted with an unwelcome hornpipe, attention turned to whether the press should be allowed in the meeting.

Mr Murphy agreed that there should be a register of everybody present, and creditors signed their names on two sheets, with their alleged dues alongside: £70,000 ... £112,000 ... £19,415.

The media issue was forgotten as the debate switched to Sturmev Archer's assets and outgoings.

There was £821,000 in Barclays, and about £200,000 had been spent on management and other fees.

The meeting offered Mr Robinson 15 minutes to consider his options. He returned to announce, through Mr Murphy, that the bank account would be frozen and that Lenark would underwrite the cost of exploring the real benefits of putting the firm into administration.

A decision will be made on Wednesday night. Either the administration order will be sought in the High Court this Friday, or creditors will reconvene next week to begin the liquidation process.

Engineering manager David Stott insisted the meeting not be allowed to break up until the Sturmev Archer account had been frozen.

One of Mr Murphy's assistants confirmed that it had been. Nottingham South MP Alan Simpson called for the financial guarantee which Lenark made to Derby Cycle Company to be made public.

He wondered why Lenark had not approached either the Department of Trade and Industry or Department For Education and Employment for assistance in relocation to Calverton.

Simon Goddard, corporate controller of Derby Cycle Company, said the firm had appointed a firm of financial advisers to carry out a "due diligence" check on Lenark prior to the sale. However, after the meeting, some workers said they believed Derby Cycle were partly responsible for the downfall of Sturmeay Archer.

Mr Stott, 54, of Gedling, said: "I am owed £30,000 in redundancy, yet the company was sold for 30 pieces of silver."

## 9 Lenark's liquidation legacy

October 3, 2000. Four firms belonging to the new owners of Sturmeay Archer have been placed in liquidation or receivership, the Post can reveal today.

Two other firms owned by Lenark - including gears manufacturer Sturmeay Archer - are in serious trouble and could join them in liquidation in the next seven days.

Fresh details about Lenark emerged following a stormy meeting of Sturmeay Archer's creditors yesterday.

It was revealed by an insolvency practitioner called in at Sturmeay, Tony Murphy, that Lenark had recently taken a further £25,000 from its account - taking the total to around £200,000.

Lenark has not injected any money into the company in the meantime, he confirmed.

This led to Sturmeay's bank account being frozen by creditors yesterday amid concerns Lenark may seek to remove more money.

Later editions of yesterday's Post revealed Lenark had sacked the existing management team at Sturmeay less than two hours before the meeting was due to start.

Barry Robinson, a Lenark director, placed himself and his associate Alan Brigham in charge.

Mr Robinson said he had filed for the company to be placed in administration.

It had been expected Sturmeay, which closed two weeks ago with the loss of 300 jobs, would be placed into liquidation.

The administration application prevented 50 creditors who had travelled to Birmingham for the meeting from voting on whether this should happen.

Former managing director Colin Bateman said placing the company in administration would be a disaster.

He said it would delay the amount of time taken for workers to receive redundancy money by many months.

It is also likely to lead to a drop in Sturmeys value - which will leave less money for the creditors.

Mr Bateman added that it had also virtually killed off any chance of a buyer being found for the firm.

He added: "The administration process can drag on and on, yet all the time we are losing orders and workers. As soon as the bicycle world finds out about what has happened, people will start to look elsewhere.

"Less orders means the company is worth less. It is bad news for everyone."

The current position of other companies owned by Lenark was revealed by Mr Murphy, who has been working on behalf of Sturmeys since the shock closure was announced.

He said Lenarks stationary company In a Flap and two subsidiary firms - POS and SSS - had been placed in liquidation. Another firm, In a Flap Plc, is in receivership.

A creditors' meeting is taking place next Monday to decide whether to place a fifth Lenark company, Curve Gold, into liquidation.

Concerns about the finances of Lenark, which bought Sturmeys from Derby Cycle Corporation for £30, have already been raised by Nottingham South MP Alan Simpson.

The insolvency practitioner was called in at Sturmeys after Lenark failed to produce the first instalment of £75,000 towards the cost of moving to a new site in Calverton. Mr Simpson now wants a full DTI investigation into the circumstances of the fateful takeover deal.

He is unhappy because an administrator does not have the power to investigate the circumstances of the closure of Sturmeys. A liquidator would have the power to carry out a full probe.

Mr Simpson is to ask the DTI to formally object to the administration application.

He added: "I am gutted. Administration makes the inevitable death of the company even worse. It will be tortured first."

However, Lenark defended the decision to apply to put Sturmeys into administration.

At the start of the meeting Barry Robinson said it was the "right thing to do". He argued it would provide an opportunity to sell the firm as a "going concern" and attract finance if needed.

"We want to save as many jobs as possible," he said. His claims were challenged by creditors who wanted the firm putting into liquidation straight away.

Mr Robinson later agreed to spend two days considering the decision. He will decide on Wednesday evening whether to proceed with the administration application, which is scheduled to be heard at the High Court on Friday.

If Mr Robinson decides against administration a formal creditors' meeting will take place in Birmingham next Monday.

A vote would be taken at the meeting on placing Sturmeys into liquidation.

Mr Robinson was not available to comment on the other Lenark companies.

## 10 Minister acts over Sturmeay

October 14, 2000. The sale of Sturmeay Archer has been passed to the Department for Trade and Industry's investigations branch.

Trade Secretary Stephen Byers has asked his officials to examine the firm's takeover by Lenark.

Lenark bought the Radford-based company from Derby Cycle Corporation for just £30 around 13 weeks ago.

Last Monday the 100-year-old business was placed in the hands of liquidators after 300 jobs were axed.

Mr Byers took a "personal interest" in the sale after concerns were raised by Nottingham South MP Alan Simpson.

Mr Simpson said: "I am pleased this action has been taken by the Secretary of State. He understands there are serious issues and questions that need to be answered about how Sturmeay Archer was driven into liquidation.

"There are also unresolved issues about who should pick up the redundancy payments for workers whose livelihoods were taken away."

Mr Simpson has raised concerns about the financial position of Lenark. It was able to buy Sturmeay for only £30 after agreeing to take on all its liabilities - including the estimated £2.5m cost of moving to a new site.

This was essential as the Triumph Road site has been sold to the University of Nottingham and Sturmeay must move by mid-December.

But Lenark failed to produce £75,000 towards the cost of moving to a new factory in Calverton - leading to closure. Mr Byers confirmed the latest development in a letter to Mr Simpson.

It stated: "I am concerned to hear about the apparent failure of Sturmeay Archer and the consequential loss of 300 jobs, especially in the light of disquiet expressed to me by yourself and others concerning the recent sale of the business.

"There are powers within the Companies Acts that allow the DTI to investigate the affairs of limited companies.

"An official at the DTI's Companies Investigations Branch will advise Ministers whether an investigation should be conducted in this instance."

When a decision is reached, the DTI will not confirm what it is. It is legally prevented from stating a company is under investigation.

## 11 Sturmeay Archer doomed as rescue talks fail

October 19, 2000. Any hope of saving Sturmeay Archer was today abandoned after a last-minute rescue bid collapsed.

Liquidators had been locked in nine days of talks with an unnamed firm in a bid to sell Sturmeay Archer as a going concern.

But Peter Blair, senior manager for KPMG, said the talks had broken down.

"We had dialogue with one interested party but that opportunity has gone," he said .

"Liquidators are now reluctantly having to sell the assets.

“We aim to get the best price possible to maximise the dividend for creditors, many of whom are ex-employees.”

Sturmey was sold by Derby Cycle Corporation to Lenark for just £30 four months ago.

The Triumph Road factory closed in September after Lenark failed to produce £75,000 towards the cost of moving to a new site in Calverton.

Concerns have been raised about Lenark’s financial position.

Former Sturmey managing director Colin Bateman said: “I had hoped a buyer would be found. This is a shame for the people who worked so hard to keep the company going.”

Nottingham South MP Alan Simpson said he was gutted by the demise of the 100-year-old firm.

“The workers feel betrayed. I will keep pushing for a full investigation into why this happened.”

## **12 A terrible shame – reaction to Sturmey deal collapse**

October 19, 2000. The man who struggled to keep the Sturmey Archer dream alive today spoke of his sadness after it was consigned to the history books.

Colin Bateman said it was a “terrible shame” that all hope of saving the 100-year-old business had been abandoned.

Its assets will now be broken up and sold off after an 11th hour rescue bid collapsed.

Mr Bateman, who was the firm’s managing director for 21 months, said he had never given up hope a buyer would come forward.

He believed it had the potential to be a success - and revealed how he had left his family behind for the chance to work there.

Mr Bateman, 47, said: “I would not have taken the job in the first place if I hadn’t thought it would work out.

“I live in Watford and had to travel more than 100 miles to get to the factory.

“I spent almost two years living out of a small hotel room for five or six days a week, and it would not be uncommon to spend 15 or 16 hours at work.

“I would not have done that if there had been doubts and I cannot believe it has ended in this way.

“It is a terrible shame for the many people who worked so hard to keep Sturmey going.”

Lenark opted to keep Mr Bateman in his post after buying Sturmey for just £30 from Derby Cycle Corporation.

He said he was as shocked as anyone else when Lenark failed to produce a £75,000 guarantee towards the cost of moving Sturmey to a new factory.

The result was the closure of Sturmey Archer and the loss of 300 jobs. Insolvency practitioners were called in, and Mr Bateman kept his job while efforts were made to save the company.

He kept on working, hoping a buyer would come forward, until the morning of a creditors meeting in Birmingham on October 2 when Lenark directors called an emergency board meeting and sacked him.

This removed him from the picture and he retreated home to his family in Watford.

But he still maintained the hope Sturmeay might rise from the ashes, until today.

Talks had been taking place with an unnamed firm interested in buying Sturmeay as a "going concern". It was placed in liquidation last week.

At one stage it had appeared the deal may even have been pulled off.

But liquidators now concede any hope of a sale is gone.

Mr Bateman said: "Myself and the workers have been left in the same position.

"Until recently we all had jobs. Now, like them, I am sitting at home working on my cv.

"My company car, telephone and wages are all gone. All I can do is try and get on with things and wait for the redundancy money to come through."

Nottingham South MP Alan Simpson said: "Sadly, the interested party was unable to get a bid together within a month.

"They had a look at the factory and they realised that taking any longer than a month would not be possible.

"The orders would have gone elsewhere."

He added: "I am gutted for the workers. Now gutted is what Sturmeay Archer is going to be.

"There remain many questions to be answered into what has happened here. I will continue to push for a full investigation."

Peter Blair, senior manager for liquidator KPMG, said: "We did have dialogue with one interested party, but that opportunity has gone.

"The liquidators are now reluctantly having to sell the assets with the aim of getting the best price possible to maximise dividends for the creditors, many of whom are ex-employees."

He added an advert would be placed in the Financial Times on Friday advertising the Sturmeay Archer name for sale.

## **13 Gears firm kit to be auctioned off**

November 9, 2000. Plant and machinery from the world famous Sturmeay Archer gears business will come under the hammer next month.

Liquidators were called in to the Nottingham business last month after the company's new owners failed to come up with the first instalment for new premises at Calverton.

Rescue hopes faded with the liquidation. Now, Nottingham commercial agents and auctioneers FPDSavills have been instructed to auction the contents of the 350,000 sq ft factory in Triumph Road, Lenton - one of the largest engineering workshops in Nottingham.

They have been instructed by joint liquidators KPMG and Smith Williamson. FPDSavills will auction thousands of lots over a full three days on December 12, 13 and 14.

Sturmey Archer was the only cycle gear hub manufacturer in the UK. Its closure dealt a bitter blow to the cycle manufacturing industry which will now be forced to buy from suppliers in Japan and Germany.

The company was sold by the American-owned Derby Cycle Corporation which owns bicycle assembler Raleigh.

Lotting is currently under way. The vast array of major equipment includes three Liebergeld forging machines each worth in excess of £100,000. The largest is 1,000 tonnes.

FPD Savills said these will attract considerable interest and are likely to find purchasers from abroad.

Worldwide marketing is now taking place.

FPDSavills have taken on former Sturmey Archer employees on a temporary basis to help, until assets are sold.

Mike Hanson, auctioneer for FPDSavills, said: "This is a bitter blow to the industry and highlights the steady decline in a number of manufacturing industries as they struggle to compete in today's competitive markets.

"While Nottingham is growing in prosperity with the emergence of a strong services sector and increasing inward investment from major employers such as Experian and Capital One, the manufacturing sector for which it was once most famous is in steady decline.

"The strength of the pound, modern technology and labour costs have played some part in the downfall of local companies such as Thomas Forman Printers, Stag Furniture and British Gas Energy Centres."

The sale will start on December 12, with viewing arranged prior to the sale.

Information and catalogues will be available shortly via FPDSavills' catalogue hotline or via the website on [www.fpdsavills.co.uk/auctions](http://www.fpdsavills.co.uk/auctions)

## 14 Rivals pick over Sturmey's bones

December 6, 2000. The factory floor at Sturmey Archer fell deathly silent three months ago. Three hundred workers were given just ten minutes to leave and the doors were locked.

But next week the Triumph Road factory will be bustling once again. However, the once-proud Nottingham company is not returning from the grave.

Instead, the factory will open for one last time so its former rivals can pick over the bones.

For three days, starting on Tuesday, the 100-year-old firm's assets will be auctioned off.

There is already plenty of interest. Hundreds are expected to attend the sale, which should raise around £1m.

At least, that's the aim of liquidator KPMG, which wants to salvage something from the mess.

Senior manager Peter Blair said: “We will have to wait and see what happens, but we expect interested parties will come from overseas as well as Britain.

“The important thing is doing the best we can for the unsecured creditors. Many of these are the people who lost their jobs.”

No matter how much is raised, the event will undoubtedly be a sad one. The collapse of Sturme y was too sudden for it to be anything else.

In June it was sold by Raleigh owners Derby Cycle Corporation to a company named Lenark for only £30.

By September its fate was sealed when Lenark was asked for the first instalment of £75,000 towards moving to a new site in Calverton.

The Triumph Road site had been sold by Derby to the University of Nottingham and Sturme y Archer had to leave by mid-December.

But the cash was not forthcoming and insolvency practitioners were called in.

Only the Brooks Saddles part of the business, based in Birmingham, could be saved. It was sold for an undisclosed fee - securing 20 jobs. In the 11 weeks Lenark owned Sturme y Archer, it charged the group £120,000 in management fees.

A further £52,000 was transferred from Sturme y Archer’s account to support a sister company in the Lenark group.

Nottingham South MP Alan Simpson has called for an investigation . A number of other firms connected to Lenark have slumped into liquidation or receivership.

Mr Simpson said: “There is a real sense of avoidable tragedy about this. It is not so long ago that Sturme y Archer was seen as a viable company. Now it has been reduced to nothing more than a jumble sale.”

The event will bring back bad memories, says Dave Timson, GMB union’s branch secretary at Raleigh.

Last year Raleigh held an auction after closing its bicycle frame-making section, costing 50 jobs.

He said: “When the machines went from Raleigh last year it was upsetting because people could see the jobs which were going with them.

“This auction will bring it back to the people who worked at Sturme y Archer how their jobs went.”

There will be a viewing before the event on December 11. More details from FPDSavills on 0115 9348100.

## **15 Sturme y auction**

December 11, 2000. Buyers from all over the world will descend on Nottingham tomorrow for the auction of equipment of one of the city’s most famous companies.

Auctioneer FPDSavills is holding the three-day event on the Triumph Road site of Sturme y Archer.

Thousands of lots are being offered for sale.

The array of major equipment includes three Leibergeld forging machines each thought to be worth in excess of £100,000, the largest weighing 1,000 tonnes.

Sturmey Archer was the only cycle gear hub manufacturer in the UK and its closure dealt a bitter blow to the cycle manufacturing industry, which now has to buy from suppliers in Japan and Germany.

Mike Hanson, auctioneer for Savills, said: "This has been one of our largest instructions.

"It is one of many this year that reflects the decline in the number of manufacturing industries as they struggle in today's competitive markets.

"We expect significant interest from overseas buyers."

## 16 Sturmey-Archer: 'made in Taiwan'

December 13, 2000. The name of Sturmey Archer, a Nottingham tradition for 100 years, is to continue - in Taiwan.

Sun Race is to change its name to Sun Race Sturmey Archer Inc after buying the famous Nottingham company's name.

The Taiwanese firm, which also has a site in North America, is to faithfully continue the production of the firm's world-famous branded bicycle gear hubs.

But campaigners who fought to save Sturmey Archer from collapse today said it was a "tragedy" the city was losing another part of its manufacturing heritage.

Nottingham South MP Alan Simpson said: "This shows that the one thing that could not be destroyed is the standing of the Sturmey Archer name throughout the world.

"It embodies the dignity and quality which the workforce put into the company - that is why Sun Race wants it.

"But the fact Sturmey Archer gears are going to be produced on the other side of the world is really sickening.

"It shows there is still a demand for the product and the name is still hugely respected.

"If that is the case why are the gears not continuing to be produced here?

"The workers will feel like they have been kicked in the teeth." Sturmey sank into liquidation in October - with the loss of 300 jobs. Liquidator KPMG said the undisclosed proceeds from selling the name would go to the company's unsecured creditors.

Peter Blair, of KPMG, said the majority of these are the employees, who have claims totalling around £3m. The money will be added to cash from the sale of the Brooks Saddles part of Sturmey Archer and the proceeds of an auction of its equipment.

The auction began at the firm's Triumph Road site yesterday and continues today and tomorrow.

Mr Blair estimated the total raised will be enough to pay employees 50p for every £1 they are owed.

Sun Race, which has been making cycle parts since 1972, was delighted with the deal.

It said the purchase of Sturmey, which it described as “the original inventor of the internal gear hub system”, would give it a strong foothold in the European market.

A spokesman said: “It is our intention to make Sturmey Archer the leading player like it has been in the glorious past.

“If you have read the published book titled the Sturmey Archer Story, you must wait and see the latest chapter that is beginning to form. The title is the ‘Sturmey Archer Story part II: The Comeback.’ ” The original book, by Tony Hadland, tells how the firm’s famous three-speed gear was developed by William Reilly in Manchester, but was patented in the name of James Archer.

Eleven days later Henry Sturmey patented another identical gear, but with a different gear change, after seeing Reilly’s patent drawings and claimed the idea as his own. Frank Bowden set up the Three-Speed Gear Syndicate to exploit the potential of the gear with himself, Sturmey, Archer and Reilly as directors.

Reilly was eventually pushed out of the company which changed its name to Sturmey Archer.

## 17 New probe call on fate of Sturmey

December 21, 2000. An influential pressure group has called for a full probe into the dramatic collapse of Sturmey Archer.

Architects and Engineers for Social Responsibility - which includes Government adviser Lord Rogers - has written to the Department for Trade and Industry’s investigations branch.

The organisation has asked a series of telling questions about the sale of the 100-year-old bicycle gears firm for only £30.

The world-famous company slumped into liquidation in October - just 13 weeks after a firm called Lenark purchased it from Derby Cycle Corporation.

Questions asked by the group in the letter were:

Did Lenark make Derby fully aware of its financial position?

Did Derby proceed with a “due diligence” test before the sale was completed?

Do Derby have a long-term commitment to cycle manufacturing in Britain?

Michael Poteliakhoff, a member of the group’s executive committee, added: “I am sure that with good management Sturmey Archer could have continued as a successful British-based company.”

Lenark was able to buy Sturmey for £30 after agreeing to take on all its liabilities - including the estimated £2.5m cost of moving to a new site.

This was essential as its Triumph Road site had been sold to the University of Nottingham by Derby Cycles.

Sturmey Archer only had until mid-December to move to another site. But Lenark failed to produce £75,000 towards the cost of moving to a new factory in

Calverton - leading to closure and the loss of 300 jobs. Lenark charged Sturmeay Archer £120,000 in management fees. A further £52,000 was transferred from Sturmeay Archer's account to support a sister company in the Lenark Group.

Nottingham South MP Alan Simpson has raised concerns about the financial position of Lenark and called for a full probe earlier this year. The case was passed to the Department of Trade and Industry investigations unit - but it is not known if an inquiry is under way. Mr Simpson said: "The intervention of a group of big hitters only adds weight to the need for an investigation.

"There are a lot of questions which remain without satisfactory answers." The DTI said it is unable to confirm when an investigation is taking place for legal reasons.

Simon Goddard, financial controller for Derby Cycles, said financial checks had been carried out on Lenark.

He said: "Evidence was produced to show they had more than adequate finances to relocate Sturmeay Archer and invest in new products that had been designed."

He said Derby Cycles had written to the DTI to back calls for a full investigation.

"We are as distressed as anyone else about the events at Sturmeay Archer and are already co-operating with an investigation by the liquidator.

"We have nothing to hide from any proper investigation."

## 18 Raleigh's owner to close offices

January 8, 2001. The new boss of Derby Cycle Corporation - the parent company of Nottingham cycle firm Raleigh - is to close its American head offices in Stanford, Massachusetts [sic].

Alan Finden-Crofts, who took over as executive chairman of Derby on January 2, is flying to America to take crucial decisions which include closing Derby's offices, which employ around a dozen staff.

Mr Finden-Crofts would not confirm or deny that the axe would fall on Gary Matthews, the chief executive officer who has led the company for the last 30 months.

Mr Finden-Crofts said: "The business hasn't done well. I'm going back to run it with common sense and with people who know about bikes.

"The head office is virtually closed and staff are working out their notice. We are going back to very low cost."

Mr Matthews came under fire after his controversial decision to sell Sturmeay Archer to Lenark for less than £50 in an ill-fated deal.

Lenark was put into liquidation within weeks, failing to begin a promised move to a new site in Calverton.

Phillip Darnton, managing director of Raleigh, said Mr Finden-Crofts was brought in "to stabilise the business".

Mr Finden-Crofts has run Derby before - with a very lean structure and without a corporate head office.

Raleigh is on course to move to state-of-the-art premises on the edge of the Blenheim industrial estate at Bulwell from its head offices on Triumph Road by 2003.

## 19 End of road for cycles HQ

January 17, 2001. The head office of troubled bikes group Derby Cycle Corporation - parent of Nottingham-based Raleigh - has been closed by its new boss.

Alan Findon-Crofts has axed about 20 jobs at the offices in Stanford, Connecticut.

Among those who have lost their jobs are chief executive Gary Matthews, finance director Dan Lynch and vice-president global marketing Reggie Fils-Aime who, for six months in 1999, acted as managing director of Raleigh.

The firm will now be run by Mr Findon-Crofts, who is based on Guernsey, plus Phillip Darnton, who is managing director of Raleigh, and the managing directors of the businesses in Holland, Germany and the United States.

There will be no corporate head office for Derby.

Mr Findon-Crofts, a former Raleigh boss, took over as executive chairman of the debt-laden Derby group at the beginning of the year.

He said ten days ago: "The business hasn't done well. I am going back to run it with commonsense and with people who know about bikes."

Mr Matthews was heavily criticised for selling Sturmey-Archer, the Nottingham gears-to-saddles group, to Lenark for less than £50, on the basis it would move the company from Triumph Road to a new site.

Sturmey-Archer was put into liquidation weeks later, when Lenark failed to deliver the first payment for the move to a site in Calverton.